



U.S. Immigration
and Customs
Enforcement

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News Release

LEADERS OF GLOBAL INTERNET CHILD PORNOGRAPHY OPERATION PLEAD GUILTY

Money laundering / child porn case has resulted in more than 1,200 arrests worldwide

NEWARK, N.J. – The president and technical administrator of a Belarus-based child pornography and money-laundering enterprise pleaded guilty today to running the operation, which catered to untold thousands of subscribers worldwide, announced Christopher J. Christie, U.S. Attorney for the District of New Jersey, and Kyle Hutchins, Special Agent-in-Charge for Immigration and Customs Enforcement (ICE) in New Jersey.

Yahor Zalatarou, 26, and Aliaksandr Boika, 30, both of Minsk, Belarus, face a prison term of between 25 and 30 years in federal prison under terms of their plea agreement. Both men were returned to federal custody following the pleas, to await sentencing scheduled for June 6. Jury selection in a trial for Zalatarou and Boika was scheduled to begin tomorrow.

Zalatarou and Boika bring to nine the number of guilty pleas made in the government's case against Regpay, its principals and those involved in other companies that assisted in the child porn money laundering operation. In total, the ICE-led investigation has resulted in the arrest of more than 1,200 subscribers to Regpay-affiliated child pornography websites in the United States and around the globe.

"This is among the most vile business enterprises anyone could undertake, and these men did it on a worldwide scale," Christie said. "You simply cannot underestimate the damage that these men have inflicted on the lives of innocent young children. It is very satisfying to know that they will spend decades in prison for what they've done."

"These guilty pleas represent the final phase in the dismantling of a horrific criminal enterprise that reaped incredible profits at the expense of helpless, innocent children throughout the world," said Kyle Hutchins, Special Agent in Charge for ICE in New Jersey. "The fact that more than 1,200 arrests worldwide have been executed to date, which include Web site owners, subscription and payment processors and subscribers, exemplifies ICE's commitment and dedication in protecting our children from the perils of sexual exploitation."

Zalatarou pleaded guilty to conspiracy to transport and ship via computer visual depictions of minors engaging in sexually explicit conduct. Boika pleaded guilty to conspiracy to advertise child pornography.



Both men also pleaded guilty to their roles in the conspiracy to commit money laundering in connection with the proceeds of their illegal activity.

Zalatarou and Alexei Buchnev, another Belarusian named in a Superseding Indictment, were arrested at a Paris hotel restaurant on July, 30, 2003, after they were persuaded to travel to France in a ruse arranged by federal agents investigating them and Regpay's international pornography operation. Boika was arrested in Tarragona, Spain on July 31, 2003, while vacationing and was extradited. On Feb. 16, Buchnev pleaded guilty to conspiracy to transport and ship by computer visual depictions of minors engaging in sexually explicit conduct.

Regpay ran a global Internet pornography business that had thousands of paid memberships to dozens of websites featuring children. In addition to operating several of its own websites, the company earned millions of dollars by processing credit card fees for more than fifty other websites. The Regpay websites were operated from Minsk, Belarus and were "hosted" by Internet service companies in the United States and abroad.

During his guilty plea today before U.S. District Judge Dennis M. Cavanaugh, Zalatarou admitted that from, at least as early as July 2002, he, Boika and others at Regpay agreed to provide credit card billing services for child pornography websites available to subscribers worldwide. Zalatarous also admitted that, in or about September 2002, his company changed its name from Trustbill to Regpay to continue processing child pornography subscriptions, after the company first received a warning from law enforcement about processing payments for websites containing child pornography.

Zalatarous admitted that Regpay processed between \$2.5 million and \$7 million in credit card transactions for the sale of websites containing child pornography.

Zalatarou also admitted that Regpay operated its own child pornography websites, including www.darkfeeling.com, www.lust-gallery.com, www.lolittles.com, and www.veiledpages.com. Each of these sites contained numerous images of prepubescent children engaged in sexually explicit conduct, specifically lascivious exhibition of the genitals or pubic area.

During his guilty plea, Boika also admitted that he was involved in the illegal sale of memberships to websites containing child pornography. Boika admitted that he and others at Regpay operated a child porn website, "www.redlagoon.com." Boika admitted that the website contained advertisements for 11 child porn websites.

During his plea Boika also admitted that he and others at Regpay used computer hosting companies located in the United States to maintain the Redlagoon website enabling individuals located in New Jersey, elsewhere in the United States and in foreign countries to obtain access to the website. Boika



admitted to maintaining and operating the Redlagoon website remotely from Belarus as well as at least four of the websites described in Redlagoon.

Zalatarou and Boika both admitted to conspiring in a money laundering scheme with a Ft. Lauderdale credit card billing service, Connections USA, Inc., to receive the Regpay membership fees. The Florida company and its telephone number were listed as the beneficiary of each the credit card transactions processed by Regpay. From in or about June 2002, through in or about June 2003, Connections sent approximately 29 wire transfers to Latvia, each in amounts greater than \$10,000, and totaling approximately \$3 million. Connections and two of its officers, Eugene Valentine and Keith Czarnecki, as well as the company itself, have already pleaded guilty for their involvement in the money laundering scheme. Arthur Levinson, the president of Connections, pleaded guilty to an unrelated charge involving the structuring of funds to avoid the filing of currency transaction reports.

In September and October of 2004, three individuals associated with LB Systems, Inc. – a Southern California company created to assist Regpay and others in Belarus process credit card sales for previously approved transactions involving child pornography – entered guilty pleas in federal court in Newark for their involvement in the scheme. Yaroslav Grebenshikov and Alexander Pesin, pleaded guilty to a charge of conspiracy to launder money for Regpay and its principals. Natan Moshkovich pleaded guilty for his failure to report the offense to law enforcement.

Some of the subscribers arrested to date include a California 7th grade teacher, the chief of pediatric medicine at a New York hospital, a minister at an all-girls school in New Jersey, a Louisiana Catholic priest, a Nevada camp counselor, a Buffalo police officer, a New Jersey Boy Scout volunteer, and a Chicago school principal.

The investigation, known as the Falcon investigation, is part of Operation Predator, a comprehensive Department of Homeland Security initiative to protect young people from international child sex tourists, Internet child pornographers, criminal alien sex offenders, and human traffickers. Since Operation Predator was launched in July 2003, ICE agents have arrested more than 4,900 individuals nationwide.

ICE encourages the reporting of suspected child predators and any suspicious activity through its toll-free hotline at 1-866-DHS-2ICE. Investigators staff this hotline around the clock.

Suspected child sexual exploitation or missing children may be reported to the National Center for Missing & Exploited Children, an Operation Predator partner, at 1-800-843-5678 or <http://www.cybertipline.com>.

For its work in extraditing the defendants, Christie credited the Justice Department's Office of International Affairs, under the direction of Mary Ellen Warlow, OIA director.

For the criminal investigation, Christie credited Special Agents of the IRS Criminal Investigation section, under the direction of Special Agent in Charge Patricia J. Haynes, in Newark; Special Agents of the U.S. Immigration and Customs Enforcement, under the direction of Kyle Hutchins, in Newark; Postal Inspectors of

the U.S. Postal Inspection Service, under the direction of Martin D. Phanco, Postal Inspector in Charge, in Newark.; and local law enforcement in Ft. Lauderdale and Broward County, Fla.

Christie also thanked those in the international law enforcement community, without whose assistance the case would not have been a success: the National High Tech Crime Unit in London, England, under the direction of Mick Deats, Detective Superintendent; Officers of the Ministere De L'Interior in Paris, France, under the direction of Chief Constable Richard Srecki; Law enforcement in Spain and Germany.

Finally, Christie thanked Mastercard, VISA and the National Center for Missing and Exploited Children for their cooperation in the Regpay investigation.

This case was prosecuted by Carlos F. Ortiz and Kevin M. O'Dowd, of the Criminal Division and Benjamin Vernia of the Child Exploitation Section.

ICE

U.S. Immigration and Customs Enforcement (ICE) was established in March 2003 as the largest investigative arm of the Department of Homeland Security. ICE is comprised of five integrated divisions that form a 21st century law enforcement agency with broad responsibilities for a number of key homeland security priorities.